

NORPHLET CHEMICAL REPORT

Feb 3 - 8, 2008

Evert Talbot

A meeting was held in Baton Rouge on Monday with Judd Hammond the Patent Attorney for Norphlet. He is very confident we will be protected from any patent infringement with the current design. He will certainly keep us harmless from future patent violations if our equipment and process designs are altered. Judd gave me the complete files on Norphlet pertaining to his work as requested by Billy Spector. In my opinion we have an excellent, talented, experienced and competent patent attorney in Judd Hammond. He will be kept in the loop as our changes occur with guidance from the consultants.

It is interesting to note that Judd knew every one of our consultants very well and was pleased with our choices. (Of course there are not many choices anyway)

Ronnie Jackson and Vic Forte had worked on the waste disposal & recycle plans for the plant on Monday & Tuesday. A meeting was held on Wednesday morning for review and updating of these plans. Information and composition of our plans were partially sanctioned and guided by consultants Steve Owen and Bill Gumprecht. Ronnie had talked with both of them for several hours. Craig Wilson and Vic Forte were present for some of these telephone discussions. It appears that a large part of our waste (tars, heavies, TCE, HF & unreacted products) are indeed recyclable. This will save us from \$125,000.00 to \$200,000.00 if successful. That's based on the alternative of having an outside waste disposal company haul all of it off and properly dispose of everything. Craig Wilson's report will treat this subject in more detail. We also learned Friday there is a waste disposal firm in El Dorado called Clean Harbors. They should be able to handle our solids and some of the contaminated catalyst.

This disposal issue for the plant was top priority for the week. I am very pleased with the tentative plans. Some piping modifications in the plant will have to be made. Design work should begin on Monday the 11th with modifications shortly thereafter. In my opinion, this disposal & recycle phase should take about 10 to 14 days after startup. However, other phases of the build out design for the plant will be occurring at the same time. Daily consulting with Bradford Boyd, Steve Owen, Bill Gumprecht and possibly Judd Hammond will be ongoing simultaneously.

As for Mr. Likoubo the 134a process consultant, he is currently in Asia on another assignment. Ronnie Jackson is attempting to engage his services thru Steve Owen who works with him at all times as the engineering arm and simulation expert. This would mean we will have his services although they will be limited. I will get involved with the compensation side and contracting with Mr. Likoubo. Ronnie will probably travel to Tennessee to visit with Steve Owen this coming week for a day or so of face to face consulting. Steve is unable to travel due to weight related difficulties.

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Ray Hahn, the Jones-Hamilton Environmental Manager was also present at the plant this past week. He and Craig Wilson spent considerable time interacting and coordinating future plans and procedures for handling all environment issues, permitting and filings with our consultant James Felton. I got the impression that Craig and Ray were very pleased with his expertise and competency.

Most of the day Thursday and Friday was spent in meetings and conference calls with other Norphet staff and Don Dodson discussing strategy for handling the stock return issue with the Garrisons. It is a pitiful shame that after doing all we promised in the recent board meeting, we are still having to spend considerable time, effort and money in encouraging them to carry out their part of our agreement under resolution. These efforts and funds should be spent in cleaning out the plant, focusing on the build out and getting the plant ready to run.

I did speak to Jeff Garrison on two different occasions and made it clear that we were not trying to get rid of him and we wanted him to stay employed for the long haul as agreed. On the first personal visit Thursday he was specifically asked if there would be any "strings" attached to their stock return documents. He insisted everything was in order with no surprises. On the second visit by phone on Friday after the documents arrived (surprises included) he commented that ALL of the items covered in their counter offer were discussed in the board meeting. I totally disagreed with him and referred him to the board meeting minutes. He finally backed off and said we should let the lawyers do their work.

In summary, I am still pleased with the planning and consulting stage of the Norphet project at this time especially as they pertain to the pending waste disposal and recycling phase. We will get this project started Monday while continuing with the consultants and planning for the new components and process changes as they suggest.

I am still projecting we will have a reasonably finished plan of action for the build out stage before the end of this month.

EVERT
